



Official
daily
newsletter

UNDERSEA CABLES
Alcatel Lucent to build
Hawaii-Tahiti link in
E72million deal

COMMSDAY

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And then there were three....

China's big telecom restructure

China's telecommunications industry is set to undergo a massive shake-up following reports that the central government has given the green-light to a series of mega-mergers between fixed and mobile players.

Beijing gave the final go ahead on the long-awaited restructuring of the telecom sector which could create three major firms capable of providing a full range of services, reported the South China Morning Post on Friday.

The report follows a flurry of analyst speculation that a restructure was on the cards, and would see China's receding fixed-line operators merge with booming mobile players. Spectators say Beijing realised existing regulations restricted growth in the sector, and said allowing companies to operate fixed and mobile networks will restore competitive balance and provide a boon for investment.

China's Information Ministry head Wang Xudong has claimed that restricting operators to either fixed or mobile has "fostered serious imbalances in the telecoms industry."

China Telecom and China Netcom would reap the rewards of an industry reshuffle, having been stymied in recent years by diminishing fixed-line returns. Monolithic China Mobile can expect hits to its almost-monopolistic GSM network if smaller mobile operators were bolstered by fixed-line mergers.

WHO'S MERGING: The jumble would join China Mobile, the world's biggest mobile operator, with the national railway's fixed-line unit (and smallest player), China Tietong, according to reports.

China Unicom's GSM mobile business would unite with China Netcom while top fixed-line operator China Telecom would acquire Unicom's mobile CDMA business.

However, brokerage firm UBS called the unconfirmed restructure report "another false alarm," saying a restructure was not likely to go down before the Beijing Olympics in August and could actually be delayed to 2009.

The revamping would also bring a reshuffle of senior industry executives, soon retiring China Mobile Chairman Wang Jianzhou would be replaced by Xi Guohua, vice minister of the Ministry of Information Industry, the newspaper said.

China Telecom chairman Wang Xiaochu would be promoted to lead the Ministry of Information Industry and Netcom's Chairman Zhang Chunjiang is expected assume his post.

Chang Xiaobing, Unicom's chairman, is seen to lead the merged China Unicom GSM and China Netcom, the South China Morning Post added. News of the restructuring approval lifted shares of China Unicom by 7%; China Telecom by 6%; China Netcom by 3.3%, while China Mobile by 1%.

Pamela Perez & Luke Coleman

Who's merging with who

China Mobile + China Tietong

China Unicom GSM + China Netcom

China Telecom + China Unicom CDMA

Pacnet says developing markets now five years behind on enterprise trends

Pacnet—the newly rebranded entity formed by the merger of Asia Netcom with Pacific Internet—plans to transplant experience learned in developed markets over the last five years to bolster its enterprise internet businesses in India, Thailand, Indonesia and Malaysia.

Recently appointed Pacnet South Asia senior vice president Dennis Muscat says less developed regional markets are following trends evident in more advanced markets several years ago. He says there is a growing opportunity for Pacnet to import experience from markets such as Australia, Singapore and Hong Kong and gain an advantage over local incumbents.

“Places like Thailand, India and Malaysia are almost like time-capsules from five years ago in more developed markets. Businesses there are becoming more demanding in their use of internet data. We’ve seen this transpire in Singapore and Australia over the last five years and can apply that formula to the local markets and take a hopefully competitive advantage over a lot of the incumbents that are probably blocked in their own market,” Muscat said.

Muscat has been charged with rapidly building Pacnet’s South Asian business following the completed merger of Pacific Internet and Asia Netcom, a strategy which will see it offering an increasing range of services to the full range of enterprise customers. Muscat founded the Australian Pacific Internet business and says he will use that experience to develop opportunities in less developed markets. Thailand and India, with growing business markets and data demands, look likely to take particular focus.

Meanwhile, in developed markets Muscat says demands are becoming increasingly complex. “What we’ve seen customers want, whether big, medium or small, is they are looking to have deliver more sophisticated networks that can run more applications and deliver more information and horsepower for their businesses so they can make decisions quicker,” he said. “Its about looking at how to get an edge on the applications that businesses really want in the next two years because they are becoming more sophisticated and demanding. It could be around applications, or IP telephony or combinations of both.”



Tim Marshall

Alcatel Lucent to build Tahiti-Hawaii cable

Alcatel Lucent has signed a 72.2 million Euro contract to build a new Tahiti-Hawaii undersea cable in what could be the forerunner of a new trans-Pacific link. The Honotua cable contract was awarded by Office des Postes & Telecommunications and is the first undersea cable link to French Polynesia.

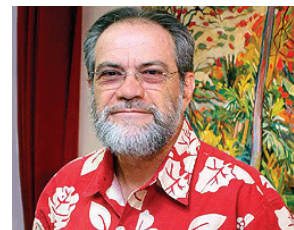
The network will be comprised of a 4,650 km link from Hawaii to Tahiti as well as a 305km domestic network linking islands in French Polynesia. The cable is scheduled for completion in 2010 and will support an “ultimate capacity” of 320 Gbit/s.

“This is a fundamental endeavor for French Polynesia aiming to fuel economic and social viability for our community” said M. Jacqui Drollet, Minister of Culture, Post & Telecommunications in French Polynesia. “The new broadband services and business-driven applications this network will make available will allow us to improve the quality of life for our citizens”

Alcatel-Lucent says its submarine solution will be based on its DWDM submarine platform, and will also include cable and submarine repeaters, providing direct connectivity to landing stations. A suite of professional services, including permitting and project management, engineering, marine operation, installation, testing and commissioning, is part of this turnkey project.

Alcatel-Lucent is also currently building a Sydney-New Caledonia cable and there has been talk of linking New Caledonia to Tahiti to create what would be effectively a new trans-Pacific link.

Grahame Lynch



Thailand partnerships: AIS joins TOT, DTAC with CAT

Thailand's TOT selected Advanced Info Service as its strategic partner to develop services, lower operating costs and improve fixed and mobile networks with the ultimate goal of developing a 3G business, reported the Bangkok Post.

The newspaper said the two are expected to sign a memorandum of understanding this month.

"A TOT board director said the co-operation with AIS would include the development of a 3G platform without overlapping with the existing mobile phone concession held by AIS, which will expire in 2016," reported the Post.

"The co-operation would also feature a fixed-wireless convergence (FMC) application on existing networks, and the replacement of the existing network to 3G on the 900 and 2100 MHz bandwidths," the newspaper continued.

Number two wireless operator DTAC was also developing a partnership with the other state agency CAT Telecom, which holds its concession, along similar lines.

Verizon gains final FCC approval to operate TPE

Verizon Business said it has obtained final approval from the Federal Communications Commission to activate and operate the Trans-Pacific Express submarine cable system in the US. The FCC granted a landing license, which provides final authority to land the Trans-Pacific Express cable in Oregon. The application for the license was filed with the FCC last year.

As the US landing party for the cable, Verizon Business is responsible for landing and operational activities for the system in the US. During the FCC landing license application approval process review, the FCC issued a grant of Special Temporary Authority, which authorized the beginning of construction for the cable landing at Nedonna Beach, Oregon, but not activation of the system. Verizon Business completed the landing work on 14 November.

Verizon Business also is building out network facilities in Oregon to connect the TPE cable to Verizon Business' U.S. domestic network. In addition to the US West Coast landing, the TPE cable will land on the China mainland at Qingdao and Chongming. Additional landing points include Tanshui, Taiwan and Keoje, South Korea.

Manufacturing and construction to complete the TPE submarine cable is well under way. The first cable was placed into the water near the Korean coast on Sept. 21, 2007, and the first 55 kilometers of TPE cable was placed off the U.S. West Coast in late November. The TPE system is on schedule to be completed and in service by August.

Iceland-Denmark cable contract awarded to Tyco

Icelandic telecommunications provider E-Farice and Tyco Telecommunications signed a contract to construct the DANICE undersea fiber optic system between Landeyjar, Iceland and Blaabjerg, Denmark. The system will primarily serve the data center market in Iceland by providing direct access to Western Europe.

"Iceland has a rapidly expanding data center market by virtue of its highly educated work force, affordable power and strategic location" said Gudmundur Gunnarsson, CEO of E-Farice. "Coupled with the original FARICE system, which connects Iceland and the Faeroes to Scotland, DANICE will enable us to serve our data center customers as well as our traditional telecommunications customers with a diverse and reliable solution for many years to come."



Tyco says the system will be comprised of a four fiber-pair point-to-point link and will have an ultimate capacity to transmit 128 x 10 Gigabit wavelengths on each fiber pair for a total bandwidth of more than five Terabits. Onward connectivity from Landeyjar to other locations in Iceland will be provided through service agreements with Icelandic carriers. Tyco Telecommunications expects to deliver the system by the end of 2008.

E-Farice is owned by the three largest power companies in Iceland, the Icelandic State and the two largest telecom operators in Iceland.

M1 and MediaCorp collaborates on Mobile TV trial

Singapore's state-owned commercial media company MediaCorp partnered with mobile service provider M1 in launching a consumer trial for a mobile TV service in Singapore.

The trial service is based on Digital Video Broadcasting - Handheld (DVBH) technology and is up for a mid-year launch.

Collaborative efforts between the two firms had previously brought Asia's first 3G mobile drama series as well as celebrity and entertainment programs on M1's mobile channel.

"Mobile TV is an exciting new media that breaks the traditional boundary of broadcast television entertainment by making it conveniently accessible to any one with a mobile phone," said Neil Montefiore, Chief Executive Officer of M1.

The new service will bring a "viable mobile TV service through the combination of the right technology and content providers," he said.

MediaCorp's Chief Executive Officer Lucas Chow said, "The DVBH platform offers untapped opportunities for new broadcast services and interactive program content. It's a fresh frontier in MediaCorp's continuing efforts to extend our broadcast services and locally produced content to digital platforms."

Pamela Perez

Vietnam's HT Mobile to switch from CDMA to GSM

Vietnamese HT Mobile reportedly keen on switching its network from CDMA to a GSM-based technology, local newspaper VietNamNet Bridge quoted an unnamed source as saying.

The source said that HT Mobile asked the Ministry of Information and Communications' permission on its planned move and that officials met on January 3 to consider HT Mobile's application. The company has not confirmed the information. However, it's known that HT Mobile has stopped investing on its existing infrastructure.

HT Mobile deployed its CDMA 850MHz technology in the market on January 15, 2007 with a one million subscriber goal for 2007. But the company only secured around 185,000 customers by the end of September, according to figures from Mobile World.

Out of the six mobile networks in Vietnam, only HT Mobile and Saigon Postel use CDMA technology and both have recorded lowly subscriber numbers.

Of the country's 34 million phone subscribers, about 28 million are GSM users while of the CDMA-based networks, S-Fone only has 3.7 million and VP Telecom with 2.5 million, the figures showed. CDMA offers a smaller range of handsets compared with GSM, where a youth-dominated market is preoccupied with being able to change phones easily and frequently.

Pamela Perez

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AUSTRALIA.

Decisive Fax: +612 9261 5434

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For advertising details contact Sally Lloyd at-
sally@commsday.com.au or call +61-292615435

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Editor, Australia: Tim Marshall

Tim@commsday.com.au

Editor, United States: Patrick Neighly

Pneighly@madyakpress.com

Editor, SE Asia: Geoff Long

geoff@commsday.com.au

Journalist: Pamela Perez

Pamela@commsdaymail.com

Journalist: Joanna Meneses

Joanna@commsdaymail.com

Correspondent, Singapore: Siow Meng Soh

siowmeng@hotmail.com

Correspondent, Kuala Lumpur: Cat Yong

catyong88@gmail.com

Correspondent, London: Martyn Warwick

martyn@telecomtv.com

For subscription details contact Laraine Davis
at laraine@commsday.com.au

RIM confident on BlackBerry in China

Research in Motion is confident its Chinese expansion will pay off even though it has yet to actually begin selling handsets in the market. "You should ask China Mobile about the timeline," RIM China general manager Charles Lui told Reuters. "From my perspective everything is according to plan."

RIM is known to have sent its first shipment of BlackBerry units to the mainland operator last October, with China Mobile vowing to kick off sales this year. The vendor also unveiled a Chinese distribution agreement with Alcatel-Lucent around the same time that has also failed to see the popular smartphone hit shops. Its regional launch is likely to come up against stiff competition from local players, including the similarly named RedBerry.

Lui downplayed concerns and said RIM was "satisfied" with the staging of its Chinese launch and would initially focus on business customers. "China Mobile is basically targeting enterprises. Later on more services will be launched, but we need to start from somewhere," he said. "It's always fun to work in a competitive environment and BlackBerry has always welcomed competition."

BANGLADESH DEPLOYMENT: RIM has finally launched the BlackBerry in Bangladesh via Grameenphone. The operator is initially offering the BlackBerry 8700g and Pearl handsets for EDGE/GPRS subscribers. "The BlackBerry platform is the gold standard in mobility for business users around the world. We are proud to be the first mobile operator launching the BlackBerry platform in Bangladesh, bringing in the next level of global connectivity for business," enthused Grameenphone CEO Anders Jensen.

Patrick Neighly

Hope remains for prospects of national US emergency net

A planned US emergency wireless network could still be built despite the recent demise of leading contender Frontline Wireless, according to the Federal Communications Commission. "We are still hopeful there will be someone who will emerge as being willing to take on this challenge," the agency said in a statement. The defunct operator was notable for counting former FCC chairman Reed Hundt among its founders. The company gave no reason for shutting its doors earlier this week.

Frontline had been the only proposed bidder in this month's hotly anticipated spectrum auction to agree to share its airwaves with public safety officials - a deal that would have given it a significant 25% discount. Federal officials had hoped such a plan would prevent a future occurrence of the interoperability issues that plagued first responders after the 9/11 attacks. But operators shied from onerous conditions include a clause giving safety officials the power to determine what technology the winning bidder would have to deploy.

The January 24 auction has attracted widespread interest for other reasons, including a surprise open access condition requiring the winner to support all services and handsets. More importantly the sale is generally seen as the last real chance to gain a nationwide mobile footprint.

Patrick Neighly

iTunes movie rental service?

A rumored iTunes movie rental service is looking increasingly likely, with insiders tipping News Corp and Warner Bros as the latest partners to sign on after previously intimated alliances with Paramount and Walt Disney. Apple will unveil the service next week in an extraordinary admission that its current video download strategy is failing to gain support from either consumers or studios, according to Bloomberg.

But few expect the rental format to succeed. Similar efforts have invariably failed and the proposed price point - at \$3.99 for a single day's viewing window - is nearly half the tariff currently charged for many permanent download sales. Apple is likely to spin digital rental service as a boon for its iPod and iPhone video players and trumpet the expected groundswell of studio support.

"Once a couple of studios do it, how long can the others resist? It becomes only a matter of minutes before the others come on board too," noted Pali Capital analyst Richard Greenfield. Studios

have generally shied from iTunes' paid download store on fears it would cannibalize the sale of physical formats. That reluctance has limited its movie selection to around 500 titles.

VIDEO SITE TRAFFIC DOUBLES

Traffic to video sharing sites has doubled in the last year, according to a US survey by the Pew Internet and American Life Project. The same study indicates that 48% of American surfers toyed with YouTube and similar sites in the year through December. Daily usage nearly doubled to 15% of online users. Demographic stratification echoes those for other Internet services, with men outpacing women by 10 points at 53% and just 16% of seniors watching online video clips. "They think of the video experience as the things they do on other hardware," explained analyst Lee Rainie.

ICANN TO SHUT DOWN DOMAIN NAME ROAD TESTING

The Internet Corporation for Assigned Names and Numbers hopes to shut down the tiring practice of road testing domain names, readying a report for release January 28 that is expected to call for action. ICANN currently offers a five-day grace period for domain purchases. But crafty entrepreneurs have used the policy to trial certain combinations and return underperforming names for a refund. The result is a morass of useless - but available - domains tied up at any given time. ICANN previously took aim at the practice last spring by charging companies that returned domain names in bulk. That decision slashed returns to 152,700 from a whopping 2.4 million per month before the charges took effect.

INDIA WARNS ON MOBILE LICENSES

India plans to grant telecom licenses to bidders who met a September 25 deadline but warned not every player would wind up with a mobile permit. The decision trims a week's worth of applicants but covers 575 licenses sought by 46 companies including AT&T, which will pay up to \$420 million for the privilege. India is struggling with a spectrum shortage as wireless subscription shoots through the roof on the back of some of the lowest tariffs in the world. The result is a backlog of airwave allocations even for operators which have already obtained a license, with some having been on wait lists for more than a year.

NOKIA RAMPING UP IN NORTH AMERICA

Nokia is ramping up its North American operations and could launch up to a dozen handsets tailored for the market this year. The top mobile phone vendor released just three such models last year but could quadruple its offerings in 2008 as it seeks to rise from its fourth place in the regional sweeps. "It's not unreasonable," Nokia North America president Mark Louison said of the potential dozen handsets custom designed for operator partners. "You'll see some of that in the first half of 2008, with the velocity to increase that in the second half and going full steam ahead in 2009." Likely partners include current customers AT&T and T-Mobile USA while Verizon Wireless previously said it would debut a tailored Nokia handset this year.

SEA LAUNCH PREPARES FOR THURAYA 3 LAUNCH

Sea Launch said its operational team has arrived at its launch site on the Equator and initiated a new 72-hour countdown in preparation for the launch of the Thuraya-3 mobile communications satellite on Tuesday. Liftoff is planned at the opening of a 44-minute window, at 3:49am Pacific Standard Time. Following delays in November due to what it said were unusually strong currents, the Sea Launch Commander and the Odyssey Launch Platform have returned to the launch site at 154 degrees West Longitude for launch operations. Tomorrow the launch team will erect the Zenit-3SL rocket on the launch pad and perform final tests on the launch system and the spacecraft before beginning the terminal countdown. Thuraya, the world's largest provider of handheld mobile satellite services, is preparing to operate commercially in Asia-Pacific markets when Thuraya-3 becomes operational.